

Message Text

CONFIDENTIAL

PAGE 01 STATE 142109

62

ORIGIN AF-18

INFO OCT-01 ADP-00 SS-15 NSC-10 EB-11 L-03 COME-00 TRSE-00

OPIC-12 OMB-01 AID-20 CIAE-00 INR-10 NSAE-00 RSC-01

(ADP) R

DRAFTED BY AF/W:JKBISHOP:MB

7/18/73 EXT 28436

APPROVED BY AF - ROBERT S. SMITH

AF/W - MR. SHERWOOD

EB/IFD/ODF - MR. LINTON

TREASURY - MR. SHAPIRO

EB/IFD/OIA - MR. ELLIS

AFR/CWA - MR. ELLIS

----- 003429

P 192140Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY ACCRA PRIORITY

C O N F I D E N T I A L STATE 142109

E.O. 11652: GDS

TAGS: EFIN, BGEN, PFOR, GH

SUBJECT: UNION CARBIDE NEGOTIATIONS WITH GOG

REF: A) STATE 140258, B) ACCRA 4462, C) ACCRA 4459,
D) ACCRA 4422

1. DEPT. APPRECIATES EMBASSY'S ANALYSIS AND SUGGESTIONS
PROVIDED REFTELS B AND C. CONTENTS HAVE BEEN REVIEWED
CAREFULLY AND DISCUSSED IN PART WITH MARES OF UCC.

2. MARES SAYS HE AND QUASHIE-IDUN BELIEVE THAT GOG
WANTS TO AVOID ACTION WHICH MIGHT BE CONSIDERED NATIONAL-
IZATION BY USG AND FOR THAT REASON WILL NOT TAKE 55 PERCENT
INTEREST IN AMC BY DECREE, AS IT DID WITH ASHANTI GOLD-
FIES AND CAST. MARES AND QUASHIE-IDUN BELIEVE GOG
REALIZES EFFECT NATIONALIZATION WOULD HAVE ON ITS RELATIONS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 142109

WITH USG AND IS DETERMINED AVOID NATIONALIZATION FOR THIS

REASON. WHILE MITTING GOG MIGHT ACT IRRATIONALLY, MARES SAYS UCC CANNOT MAKE CONTINGENCY PLANS RESPONDING TO IRRATIONAL SITUATIONS.

3. MARES APPRECIATES DIFFICULTY EMBASSY CONFRONTS TRYING TO INFLUENCE GOG ON PARTICIPATION, WITH APPIAH AND ACHEAMPONG BEING ONLY CONTACT POINTS AND A DEMARCHE TO ACHEAMPONG THE ULTIMATE RECOURSE. UCC STRONGLY PREFERS THAT USG SAVE "THE ONE ARROW IN ITS QUIVER" UNTIL SUCH

TIME AS UCC FEELS REAL IMPASSE HAS BEEN REACHED. MARES ADDS THAT WHEN HE CHARGED GOG WITH DE FACTO NATIONALIZATION, HE SAID UCC WOULD APPROACH USG WITH REQUEST FOR ASSISTANCE. AS UCC HAS WITHDRAWN DE FACTO NATIONALIZATION CHARGE, ANY USG DEMARCHE NOW COULD LEAD TO GOG CHARGES OF BAD FAITH AGAINST UCC.

4. PLANS DESCRIBED REFTEL A ARE DESIGNED "TO BREAK LOGJAM", SAYS MARES. UCC INTENT IS TO FACILITATE RESUMPTION OF EXPORTS TO CUSTOMERS, WHO HAVE BEEN WITHOUT NEW SHIPMENTS OF ORE FOR THREE MONTHS. UCC IS DOING NO MORE THAN ORDERED BY THE BANK OF GHANA IN EARLIER CORRESPONDENCE. UCC IS NOT TRYING TO ESTABLISH THE BASIS FOR A NATIONALIZATION CLAIM.

5. UCC HAS MADE NO FINAL DECISION REGARDING THE GOG'S DEMAND FOR UNCONDITIONAL ACCESS TO OS CONTRACTS. IN RESPONSE TO QUESTIONS, MARES SAYS EXISTING CONTRACTS ARE FOR SALES THROUGHOUT THE 12 MONTHS OF 1973, AND ACCORDING TO THESE A AMC DIRECT CONTRACTS, 80 PERCENT OF AMC ORE IS TO BE SOLD DURING CURRENT YEAR TO COMPANIES UNAFFILIATED WITH UCC.

6. REFTELS REFER TO STOPPAGE OF ORE SHIPMENTS BY GOG. INSPECTION OF RECORD REVEALS UCC TOOK INITIATIVE IN THIS STOPPAGE, A POINT WHICH MARES DOES NOT CONTEST. UCC SUBSEQUENTLY AGREED COMPLY WITH CONDITIONS IT INITIALLY REJECTED WHEN SUSPENDING SHIPMENTS BUT GOG, HAVING IDENTIFIED THIS PRESSURE POINT, HAS TAKEN ONE STEP BACKWARD FOR EACH UCC HAS TAKEN TOWARD IT.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 142109

7. QUASHIE-IDUN HAS ADVISED UCC THAT HE SEES NO GROUNDS FOR UCC TO BRING COURT ACTION AGAINST GOG. GOG HAS SAID IT WILL TAKE COURT ACTION AGAINST UCC FOR ALLEGED FRAUDS. UCC IS PREPARED TO DEFEND ITSELF.

8. ATTORNEY ASAMOAH OF NEGOTIATING COMMITTEE HAS STATED THAT ICSID WOULD NOT BE APPROPRIATE FORUM FOR SETTLE-

MENT OF DIFFERENCES WITH UCC, WHICH "ARE AN INTERNAL GHANAIAAN MATTER". MARES TAKES THIS AS INDICATION GOG WOULD NOT BE INTERESTED IN ICSID ARBITRATION. UCC WOULD BE HESITANT TO SEEK ARBITRATION BECAUSE ITS IMAGE WOULD SUFFER FROM PUBLIC AIRING OF CHARGES GOG HAS ME, AND MARES BELIEVES NEITHER SIDE LIKELY BE SATISFIED WITH RESULTS OF ARBITRATION. HE DOES APPRECIATE THAT UCC'S WILLINGNESS TO SUBMIT TO ARBITRATION MIGHT BE HELPFUL, IF AND WHEN IT BECOMES NECESSARY FOR USG TO CHALLENGE GOG'S ASSURANCE THAT IT WILL PROVIDE FULL AND FAIR COM-

PENSATION. MARES PROMISES TO GIVE FURTHER THOUGHT TO ARBITRATION.

9. UCC'S PRESENT PLANS ARE TO RESPOND TO UNANSWERED CHARGES IN APPIAH'S JUNE 14 LETTER, TO RESTATE ITS OPPOSITION TO THE TERMS APPIAH PROPOSED IN HIS JULY 3 LETTER, AND TO RESTATE ITS WILLINGNESS TO DISCUSS ALL ISSUES WITH GOG.

10. COMMENT: WHILE SHARING EMBASSY'S CONCERN THAT GHANAIAAN PLAYERS MAY NOT APPRECIATE FULLY THE RELATIONSHIP BETWEEN PARTICIPATION, AID, AND DEBT, DEPT. NOTES THAT AMOAKA-ATTA, ADMITTEDLY AN UNSYMPATHETIC PLAYER, IS A MEMBER OF BOTH THE DEBT AND PARTICIPATION NEGOTIATING TEAMS. COORDINATION BETWEEN APPIAH'S COMMITTEE AND THE BOG OBVIOUSLY HAS BEEN CLOSE IN THEIR DEALINGS WITH USG, WITH APPIAH HAVING ADMITTED TO MARES THAT HE WROTE ONE OF THE BRENYA LETTERS. FINALLY, ACHEAMPONG HAS EXHIBITED AWARENESS OF THIS RELATIONSHIP IN HIS CONVERSATIONS WITH US AND OTHER FOREIGN OFFICIALS.

11. DEPT. FULLY APPRECIATES EMBASSY'S CONCERN THAT GOG
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 142109

MAY ACT AGAINST WHAT WE PERCEIVE TO BE ITS BEST LONG TERM INTERESTS AND TAKE PRECIPITATE ACTION AGAINST UCC. HOWEVER, GIVEN COMPANY'S BELIEF THAT IMPASSE HAS NOT BEEN REACHED, AND ITS REQUEST THAT USG NOT UNDERTAKE ANY DEMARCHE AT THIS TIME, DEPT. BELIEVES BEST TACTIC FOR PRESENT IS TO CONTINUE ASSIST UCC WITH COMMUNICATIONS, PROVIDING GUIDANCE AS APPROPRIATE, AND TO REMIND GOG OFFICIALS IN AN UNOFFENSIVE MANNER OF USG'S INTEREST IN SUCCESSFUL CONCLUSION OF PARTICIPATION TALKS.

12. SMITH LOOKS FORWARD TO DISCUSSION OF THESE NEGOTIATIONS AND USG TACTICS DURING FORTHCOMING VISIT. RUSH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE142109
Document Source: CORE
Document Unique ID: 00
Drafter: JKBISHOP:MB
Enclosure: n/a
Executive Order: GS SMITH, ROBERT
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730722/aaaaapzm.tel
Line Count: 166
Locator: TEXT ON-LINE
Office: ORIGIN AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 A) STATE 140258, B) ACCRA 4462, C,) ACCRA 4459
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 09 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09-Jan-2002 by martinjw>; APPROVED <05 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNION CARBIDE NEGOTIATIONS WITH GOG
TAGS: EFIN, BGEN, PFOR, GH
To: ACCRA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005